

2 **SHB 2069 - H AMD 625 ADOPTED 4-18-97**

3 By Representative Wensman

4

5 Strike everything after the enacting clause and insert the
6 following:

7 "NEW SECTION. **Sec. 1.** Funding resulting from this act is for
8 school district activities which supplement or are not related to the
9 state's basic program of education obligation as set forth under
10 Article IX of the state Constitution.

11 **Sec. 2.** RCW 84.52.0531 and 1995 1st sp.s. c 11 s 1 are each
12 amended to read as follows:

13 The maximum dollar amount which may be levied by or for any school
14 district for maintenance and operation support under the provisions of
15 RCW 84.52.053 shall be determined as follows:

16 (1) For excess levies for collection in calendar year ~~((1992))~~
17 1997, the maximum dollar amount shall be calculated pursuant to the
18 laws and rules in effect in November ~~((1991))~~ 1996.

19 ~~((For the purpose of this section, the basic education
20 allocation shall be determined pursuant to RCW 28A.150.250,
21 28A.150.260, and 28A.150.350: PROVIDED, That when determining the
22 basic education allocation under subsection (4) of this section,
23 nonresident full time equivalent pupils who are participating in a
24 program provided for in chapter 28A.545 RCW or in any other program
25 pursuant to an interdistrict agreement shall be included in the
26 enrollment of the resident district and excluded from the enrollment of
27 the serving district.~~

28 ~~(3))~~ For excess levies for collection in calendar year ~~((1993))~~
29 1998 and thereafter, the maximum dollar amount shall be the sum of (a)
30 ~~((and))~~ plus or minus (b) and (c) of this subsection minus ~~((+e))~~ (d)
31 of this subsection:

32 (a) The district's levy base as defined in subsection ~~((+4))~~ (3)
33 of this section multiplied by the district's maximum levy percentage as
34 defined in subsection ~~((+5))~~ (4) of this section;

1 (b) (~~In the case of nonhigh school districts only, an amount equal~~
2 ~~to the total estimated amount due by the nonhigh school district to~~
3 ~~high school districts pursuant to chapter 28A.545 RCW for the school~~
4 ~~year during which collection of the levy is to commence, less the~~
5 ~~increase in the nonhigh school district's basic education allocation as~~
6 ~~computed pursuant to subsection (1) of this section due to the~~
7 ~~inclusion of pupils participating in a program provided for in chapter~~
8 ~~28A.545 RCW in such computation)) For districts in a high/nonhigh
9 relationship, the high school district's maximum levy amount shall be
10 reduced and the nonhigh school district's maximum levy amount shall be
11 increased by an amount equal to the estimated amount of the nonhigh
12 payment due to the high school district under RCW 28A.545.030(3) and
13 28A.545.050 for the school year commencing the year of the levy;~~

14 (c) For districts in an interdistrict cooperative agreement, the
15 nonresident school district's maximum levy amount shall be reduced and
16 the resident school district's maximum levy amount shall be increased
17 by an amount equal to the per pupil basic education allocation included
18 in the nonresident district's levy base under subsection (3) of this
19 section multiplied by:

20 (i) The number of full-time equivalent students served from the
21 resident district in the prior school year; multiplied by:

22 (ii) The serving district's maximum levy percentage determined
23 under subsection (4) of this section; increased by:

24 (iii) The percent increase per full-time equivalent student as
25 stated in the state basic education appropriation section of the
26 biennial budget between the prior school year and the current school
27 year divided by fifty-five percent;

28 (d) The district's maximum levy amount shall be reduced by the
29 maximum amount of state matching funds for which the district is
30 eligible under RCW 28A.500.010 (~~for which the district is eligible in~~
31 that tax collection year)).

32 (~~(4)~~) (3) For excess levies for collection in calendar year
33 (~~1993~~) 1998 and thereafter, a district's levy base shall be the sum
34 of allocations in (a) through (c) of this subsection received by the
35 district for the prior school year, including allocations for
36 compensation increases, plus the sum of such allocations multiplied by
37 the percent increase per full time equivalent student as stated in the
38 state basic education appropriation section of the biennial budget
39 between the prior school year and the current school year and divided

1 by fifty-five percent. A district's levy base shall not include local
2 school district property tax levies or other local revenues, or state
3 and federal allocations not identified in (a) through (c) of this
4 subsection.

5 (a) The district's basic education allocation as determined
6 pursuant to RCW 28A.150.250, 28A.150.260, and 28A.150.350;

7 (b) State and federal categorical allocations for the following
8 programs:

9 (i) Pupil transportation;

10 (ii) ~~((Handicapped))~~ Special education;

11 (iii) Education of highly capable students;

12 (iv) Compensatory education, including but not limited to learning
13 assistance, migrant education, Indian education, refugee programs, and
14 bilingual education;

15 (v) Food services; and

16 (vi) State-wide block grant programs; and

17 (c) Any other federal allocations for elementary and secondary
18 school programs, including direct grants, other than federal impact aid
19 funds and allocations in lieu of taxes.

20 ~~((5) For excess levies for collection in calendar year 1993 and
21 thereafter, a district's maximum levy percentage shall be determined as
22 follows:~~

23 ~~(a) Multiply the district's maximum levy percentage for the prior
24 year by the district's levy base as determined in subsection (4) of
25 this section;~~

26 ~~(b) Reduce the amount in (a) of this subsection by the total
27 estimated amount of any levy reduction funds as defined in subsection
28 (6) of this section which are to be allocated to the district for the
29 current school year;~~

30 ~~(c) Divide the amount in (b) of this subsection by the district's
31 levy base to compute a new percentage;~~

32 ~~(d) The percentage in (c) of this subsection or twenty percent,
33 whichever is greater, shall be the district's maximum levy percentage
34 for levies collected in that calendar year; and~~

35 ~~(e) For levies to be collected in calendar years 1994 through 1997,
36 the maximum levy rate shall be the district's maximum levy percentage
37 for 1993 plus four percent reduced by any levy reduction funds.~~

38 ~~For levies collected in 1998, the prior year shall mean 1993.~~

1 ~~(6))~~ (4) A district's maximum levy percentage shall be twenty-two
2 percent in 1998 and twenty-four percent in 1999 and every year
3 thereafter; plus, for qualifying districts, the grandfathered
4 percentage determined as follows:

5 (a) For 1997, the difference between the district's 1993 maximum
6 levy percentage and twenty percent; and

7 (b) For 1998 and thereafter, the percentage calculated as follows:

8 (i) Multiply the grandfathered percentage for the prior year times
9 the district's levy base determined under subsection (3) of this
10 section;

11 (ii) Reduce the result of (b)(i) of this subsection by any levy
12 reduction funds as defined in subsection (5) of this section that are
13 to be allocated to the district for the current school year;

14 (iii) Divide the result of (b)(ii) of this subsection by the
15 district's levy base; and

16 (iv) Take the greater of zero or the percentage calculated in
17 (b)(iii) of this subsection.

18 (5) "Levy reduction funds" shall mean increases in state funds from
19 the prior school year for programs included under subsection (~~(4))~~
20 (3) of this section: (a) That are not attributable to enrollment
21 changes, compensation increases, or inflationary adjustments; and (b)
22 that are or were specifically identified as levy reduction funds in the
23 appropriations act. If levy reduction funds are dependent on formula
24 factors which would not be finalized until after the start of the
25 current school year, the superintendent of public instruction shall
26 estimate the total amount of levy reduction funds by using prior school
27 year data in place of current school year data. Levy reduction funds
28 shall not include moneys received by school districts from cities or
29 counties.

30 ~~((7))~~ (6) For the purposes of this section, "prior school year"
31 ~~(shall)~~ means the most recent school year completed prior to the year
32 in which the levies are to be collected.

33 ~~((8))~~ (7) For the purposes of this section, "current school year"
34 ~~(shall)~~ means the year immediately following the prior school year.

35 ~~((9))~~ (8) Funds collected from transportation vehicle fund tax
36 levies shall not be subject to the levy limitations in this section.

37 ~~((10))~~ (9) The superintendent of public instruction shall develop
38 rules and regulations and inform school districts of the pertinent data
39 necessary to carry out the provisions of this section.

1 NEW SECTION. **Sec. 3.** The house of representatives and senate
2 fiscal committees shall study data and issues relevant to the state
3 funded local effort assistance program known as "levy equalization" and
4 prepare a report of findings and recommendations to the legislature by
5 December 1, 1997.

6 **Sec. 4.** RCW 28A.500.010 and 1993 c 410 s 1 are each amended to
7 read as follows:

8 (1) Commencing with taxes assessed in 1988 to be collected in
9 calendar year 1989 and thereafter, in addition to a school district's
10 other general fund allocations, each eligible district shall be
11 provided local effort assistance funds as provided in this section.
12 Such funds are not part of the district's basic education allocation.
13 ~~((For the first distribution of local effort assistance funds provided
14 under this section in calendar year 1989, state funds may be prorated
15 according to the formula in this section.))~~

16 (2)(a) "Prior tax collection year" ~~((shall))~~ means the year
17 immediately preceding the year in which the local effort assistance
18 shall be allocated.

19 (b) The "state-wide average ten percent levy rate" ~~((shall))~~ means
20 ten percent of the total levy bases as defined in RCW 84.52.0531~~((+4))~~
21 (3) summed for all school districts, and divided by the total assessed
22 valuation for excess levy purposes in the prior tax collection year for
23 all districts as adjusted to one hundred percent by the county
24 indicated ratio established in RCW 84.48.075.

25 (c) The "district's ten percent levy rate" ~~((of a district shall))~~
26 means~~((÷~~

27 ~~((i) Ten percent of the district's levy base as defined in RCW
28 84.52.0531(4), plus one half of any amount computed under RCW
29 84.52.0531(3)(b) in the case of nonhigh school districts; divided by~~

30 ~~((ii)))~~ the district's ten percent levy amount divided by the
31 district's assessed valuation for excess levy purposes for the prior
32 tax collection year as adjusted to one hundred percent by the county
33 indicated ratio.

34 (d) The "district's ten percent levy amount" means the school
35 district's maximum levy authority after transfers determined under RCW
36 84.52.0531(2)(a) through (c) divided by the district's maximum levy
37 percentage determined under RCW 84.52.0531(4) multiplied by ten
38 percent.

1 (e) The "district's twelve percent levy amount" means the school
2 district's maximum levy authority after transfers determined under RCW
3 84.52.0531(1)(a) through (c) divided by the district's maximum levy
4 percentage determined under RCW 84.52.0531(4) multiplied by twelve
5 percent.

6 (f) "Districts eligible ((districts" shall)) for ten percent
7 equalization" means:

8 (i) Before the 1999 calendar year, those districts with a ten
9 percent levy rate which exceeds the state-wide average ten percent levy
10 rate; and

11 (ii) In the 1999 calendar year and thereafter, those districts with
12 a ten percent levy rate that exceeds the state-wide average ten percent
13 levy rate but that is not in the top quartile of all district rates
14 ranked from highest to lowest.

15 (g) "Districts eligible for twelve percent equalization" means in
16 the 1999 calendar year and thereafter, those districts with a ten
17 percent levy rate in the top quartile of all district rates ranked from
18 highest to lowest.

19 (h) Unless otherwise stated all rates, percents, and amounts are
20 for the calendar year for which local effort assistance is being
21 calculated under this section.

22 (3) Allocation of state matching funds to eligible districts for
23 local effort assistance shall be determined as follows:

24 (a) Funds raised by the district through maintenance and operation
25 levies (~~during that tax collection year~~) shall be matched with state
26 funds using the following ratio of state funds to levy funds: (i) The
27 difference between the district's ten percent levy rate and the state-
28 wide average ten percent levy rate; to (ii) the state-wide average ten
29 percent levy rate.

30 (b) The maximum amount of state matching funds for (~~which a~~
31 ~~district may be eligible in any tax collection year shall be ten~~
32 ~~percent of the district's levy base as defined in RCW 84.52.0531(4))~~
33 districts eligible for ten percent equalization shall be the district's
34 ten percent levy amount, multiplied by the following percentage: (i)
35 The difference between the district's ten percent levy rate and the
36 state-wide average ten percent levy rate; divided by (ii) the
37 district's ten percent levy rate.

38 (c) In the 1999 calendar year and thereafter, the maximum amount of
39 state matching funds for districts eligible for twelve percent

1 equalization shall be the district's twelve percent levy amount
2 multiplied by the following percentage: (i) The difference between the
3 district's ten percent levy rate and the state-wide average ten percent
4 levy rate; divided by (ii) the district's ten percent levy rate.

5 ~~(4)((a) Through tax collection year 1992, fifty five percent of~~
6 ~~local effort assistance funds shall be distributed to qualifying~~
7 ~~districts during the applicable tax collection year on or before June~~
8 ~~30 and forty five percent shall be distributed on or before December 31~~
9 ~~of any year.~~

10 ~~(b) In tax collection year 1993 and thereafter,)~~ Local effort
11 assistance funds shall be distributed to qualifying districts as
12 follows:

- 13 ~~((i))~~ (a) Thirty percent in April;
14 ~~((ii))~~ (b) Twenty-three percent in May;
15 ~~((iii))~~ (c) Two percent in June;
16 ~~((iv))~~ (d) Seventeen percent in August;
17 ~~((v))~~ (e) Nine percent in October;
18 ~~((vi))~~ (f) Seventeen percent in November; and
19 ~~((vii))~~ (g) Two percent in December.

20 NEW SECTION. Sec. 5. RCW 28A.320.150 and 1995 1st sp.s. c 11 s 2
21 are each repealed."

22 EFFECT: Provides for an increase of the maintenance and operations
23 levy limit by two percent over the current statutory limit for 1998 (22
24 percent total for nongrandfathered districts). Includes the policies
25 of the original bill: The statutory limit is increased four percent
26 for 1999. Levy equalization for qualifying districts with a tax rate
27 in the highest quartile for raising a levy equivalent to a ten percent
28 average state-wide levy are provided levy equalization matching funds
29 to the equivalent of a twelve percent levy. Other districts qualifying
30 for levy equalization will continue to be provided matching funds at
31 the ten percent level.

32 FISCAL IMPACT: Based on 1996-97 data, increases local levy funds
33 by \$52,374,000 in calendar year 1998, \$90,843,000 in calendar year
34 1999. State funds for levy equalization would be increased \$2,407,000
35 in the 1997-99 biennium.

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